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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Does the Lanham Act permit manufacturers of store brand and private label products to copy protectible trade dress and trademarks of national brand manufacturers for the packaging of their similar competing products?

II. Are store brand and private label products exempt from the rule in trademark and unfair competition law that proof of intentional copying raises a presumption or inference of the likelihood of confusion?

III. Did the majority panel of the United States Court of Appeals for the Federal Circuit err by reversing the District Court's holdings of trade dress and trademark infringement, reached as ultimate conclusions of fact, without determining that the Court's underlying findings of fact were clearly erroneous?

IV. Should the doctrine of patent infringement by equivalents be rendered inapplicable solely because it would "eviscerate" or "erase" a literal difference between an accused composition and one patent claim element, even though the composition is literally indistinguishable from the other elements and satisfies the tripartite test for equivalency?

STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. The following are all parent companies of Conopco, Inc.:

Unilever United States, Inc.
Chesebrough-Pond's International Capital Corporation.

All subsidiaries of Conopco, Inc. are wholly-owned.

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MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, AND KESSLER CONTAINERS, LTD.,
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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Conopco, Inc., doing business as Chesebrough-Pond's USA Co. ("Chesebrough") respectfully petitions this Court for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in this case.

OPINIONS BELOW

The opinion of the Federal Circuit is reported at ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994) and is reprinted as Appendix A (*infra*, 1a-30a). The opinion of the United States District Court for the Eastern District of Missouri ("District Court") is reported at 784 F.Supp. 648 (E.D. Mo. 1992) and is reprinted as Appendix B (*infra*, 31a-94a).

JURISDICTION

The Federal Circuit entered its decision on September 21, 1994. Chesebrough petitioned for a rehearing and a suggestion for rehearing in banc on October 4, 1994. The petition was denied on November 29, 1994. (See App. C, *infra*, 95a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The statutes involved in this Petition are Sections 32(1) and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a). The full text of these sections is set forth below. This petition also involves Section 271 of the Patent Act, 35 U.S.C. § 271. The text of this section is set forth in App. I, *infra*, 101a-105a.

15 U.S.C. § 1114(1) (Lanham Act, Sec. 32(1))
Infringer Liable in Civil Action

Any person who shall, without the consent of the registrant -

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1125(a) (Lanham Act, Sec. 43(a))
Unregistered Marks; False or Misleading Descriptions and Representations

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

This case involves the reversal by the Federal Circuit (one judge dissenting in part) of a judgment by the District Court finding that the defendants had willfully infringed the trade dress of VASELINE INTENSIVE CARE Lotion ("VICL"), the registered trademarks VASELINE and INTENSIVE CARE, and U.S. Patent No. 4,939,179 covering petitioner's improved VICL formula.

The case concerns the issue of whether national brand manufacturers of consumer goods should be protected from deliberate copying of their trademarks and trade dress by manufacturers and

retailers of store brand and private label products who claim that emulation of the national brands' packaging is necessary to convey to consumers that they are offering similar, alternative products. The case also concerns the ability of consumers to differentiate products manufactured by the national brand companies from those of the store brand or private label companies in the marketplace.

I. BACKGROUND

A. The Relaunch of Vaseline Intensive Care Lotion

VICL is a hand and body lotion which was introduced by Chesebrough in 1969. Its name is a combination of two trademarks, VASELINE, which has been used by Chesebrough and its predecessors since 1870, and INTENSIVE CARE, which was adopted in 1969 to add a therapeutic image to the then launched VICL skin care lotion product. (App. B, *infra*, 32a). Since its introduction, VICL has been the leader in the hand and body lotion market. (App. B, *infra*, 33a). Its outstanding commercial success has made it Chesebrough's most important product.

From 1969 to June 1989, VICL was packaged in a tapered oval bottle which was commonly used in the trade. (App. B, *infra*, 33a). Neither Chesebrough nor its competitors claimed any proprietary interest in this stock bottle shape. (App. B, *infra*, 33a). Although the VICL label design was slightly changed over the years, the regular formulation VICL was always packaged in a yellow tapered oval bottle with a blue and green label. (See photograph, App. D, *infra*, 96a).

In the 1970's, following the initial success of VICL, several retailers began to sell their own "store brand" of skin care lotion, many of which were packaged in the standard tapered oval bottles. These retailers were relatively few in number and their sales were *de minimis* compared with Chesebrough's other competitors. However, by the mid-1980's, these store brand products had proliferated,

diluting the identity of the VICL packaging and its image of quality. (App. B, *infra*, 34a).

VICL was the first skin care lotion in the therapeutic category. (App. B, *infra*, 32a). As the hand and body lotion market led by VICL continued to grow, major competitors of Chesebrough entered the market, introducing similar products also promoted as therapeutic, such as Proctor & Gamble's WONDRA, Bristol-Myers' KERI, S.C. Johnson's CUREL, and Jergen's ALOE & LANOLIN. (App. B, *infra*, 33a). All of these competing products were marketed in readily distinguishable packaging from VICL. (App. B, *infra*, 34a). After the entry of these competitors, market tracking studies by Chesebrough indicated that consumer confidence in the efficacy of VICL was eroding due to this competition. (App. B, *infra*, 34a).

In 1986, the senior management of Chesebrough decided to "relaunch" VICL, by redesigning the packaging and improving the lotion formulation. There were two main purposes for the relaunch. One was to create a bottle design and trade dress which would be totally unique to Chesebrough and which would distance VICL from the growing number of store brand skin care lotion products. (App. B, *infra*, 34a-35a). The other goal was to restore VICL's therapeutic image. (App. B, *infra*, 34a, 35a). Chesebrough embarked on what became a three-year process to design a completely new package which was both unique in appearance and which would convey a therapeutic image to consumers. Chesebrough also enhanced the sensory feel and the therapeutic contents of the lotion itself.[1]

Starting with hundreds of drawings of proposed new bottle designs, Chesebrough selected the bottle shape which appeared most unique. (App. B, *infra*, 35a). In order to insure that the new bottle shape was truly unique in appearance and that it conveyed a therapeutic image, Chesebrough conducted a series of consumer tests.

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[1] The resulting novel VICL lotion formulation was rewarded by the grant of United States Utility Patent No. 4,939,179 on July 3, 1990 ("the '179 patent). (App. B, *infra*, 38a).

These tests overwhelmingly showed that the new bottle was considered different from any other bottle known to consumers and that the new bottle shape conveyed a more therapeutic image for the product than the former tapered bottle. (App. B, *infra*, 35a-36a).

Chesebrough also revised the label for VICL in order to modernize its appearance. (App. B, *infra*, 36a). Importantly, the same blue and green color combination that Chesebrough had used since 1969 was retained in order to maintain and build upon the extraordinary pre-existing goodwill in the VICL label design. (See photograph of redesigned VICL package, App. E, *infra*, 97a). Chesebrough spent over $3 million on the redesign and testing of the VICL packaging.

The relaunched VICL, including the new lotion formulation, was introduced in 1989 with a nationwide promotional and advertising campaign, costing over $37 million. (App. B, *infra*, 38a-39a). The VICL relaunch achieved a new Chesebrough six-month sales record. For the six-month period following its introduction, gross sales of the new VICL product totalled over $69 million, as compared with under $45 million for the same period in 1988. (App. B, *infra*, 38a-39a).

B. The Venture Brand Skin Care Lotion

Within three to four months after the introduction of the relaunched VICL, Chesebrough discovered that a retail chain located in the mid-west had introduced a skin care lotion product in a package which mimicked the new VICL package. The retailer, Venture Stores, Inc. ("Venture"), sells many national brand products including VICL, as well as numerous store brand products marketed under its own label. These items were routinely packaged by Venture in a manner to allow its customers to identify them as being comparable, lower priced alternatives to national brands. (App. B, *infra*, 40a). Virtually all of Venture's store brand products, including several versions of its skin care lotion, included Venture's name prominently displayed in bold letters, *i.e.*, "VENTURE" accompanied by

Venture's logo.[2] (App. B, *infra*, 44a, 57a; see photograph of prior version of Venture skin care lotion, App. F, *infra* 98a).

In contrast to these other Venture products, some of which compete with other Chesebrough brands, the new Venture skin care lotion packaging was found to be an outright copy and a flagrant violation of Chesebrough's property rights in several respects. First, the manufacturer of the Venture product, The Benjamin Ansehl Company ("Ansehl"), had copied the overall shape and design of the new VICL bottle, appropriating in months the fruits of three years of efforts and millions of dollars of investment. Second, Venture copied the overall appearance of the revised VICL label, including its size, shape, colors and other elements. (See App. B, *infra*, 56a).[3]

Third, while previous versions of the Venture skin care lotion products included a prominent display of Venture's name, Venture removed its name from the front label of its "new" skin care lotion package, and, at the same time, added Chesebrough's trademarks VASELINE and INTENSIVE CARE in a "compare to" statement. (See photograph of redesigned Venture package, App. G, *infra*, 99a). Thus, in bold contrast to Venture's competing store brand skin care lotion sold earlier, this was the *first* version which omitted Venture's name *and* displayed Chesebrough's famous trademarks. (Compare prior and revised Venture packages, App. F and G). Finally, while the similarities of the Venture packaging and the VICL packaging were likely to cause consumers to believe that the Venture product

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[2] Venture's logo is simply a square box with alternating white and black diagonal lines. (See App. F, *infra*, 98a).

[3] The Venture ingredients list also was altered to copy from the relaunched VICL packaging the two new components covered by Chesebrough's '179 patent.

was manufactured, sponsored or authorized by Chesebrough, the lotion was of inferior quality to VICL. (App. B, *infra*, 84a-85a).[4]

II. PROCEEDINGS BELOW

Chesebrough brought suit under Section 32(1) of the Lanham Act, 15 U.S.C. § 1114, for infringement of its registered trademarks, and under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), for unfair competition based upon the defendants' conduct in copying the VICL trade dress, and under 35 U.S.C. § 271 for patent infringement based upon defendants' copying of the newly patented lotion formula. Subject matter jurisdiction in the District Court was proper under 28 U.S.C. §§ 1331, 1338.

The District Court found the evidence overwhelming that the defendants intentionally copied the trade dress of the relaunched VICL. (App. B, *infra*, 56a, 78a, 81a, 82a). The designer at Ansehl was instructed by his superior to make a revised skin care packaging as close as possible to the VICL packaging. (App. B, *infra*, 42a). Early art work which was believed not close enough to the VICL trade dress was rejected. (App. B, *infra*, 42a). The designer admitted that he and his staff "reviewed" the revised VICL packaging when designing the revised packaging for the defendants' skin care lotion product. (App. B, *infra*, 43a). Although other Venture products contain the phrase "compare to national brand", Venture insisted on using "Compare to Vaseline Intensive Care" for this product. (App. B, *infra*, 45a-46a). The court also found that the defendants offered no credible evidence to explain why the Venture

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[4] In 1990, various other retailers introduced skin care lotion products to compete with the relaunched VICL. However, unlike Venture, these retailers did not copy the trade dress of the relaunched VICL. Each of these other competitors' packaging included a prominent, clearly legible display of their store brand name. (See photograph of other competitors' packaging, App. H, *infra*, 100a).

name did not appear on the label of the revised packaging for its skin care lotion product. (App. B, *infra*, 44a-45a, 89a).

After an eight-day bench trial, the District Court determined that the relaunched VICL trade dress was a "strong mark," entitled to a wide scope of protection and that the VASELINE and INTENSIVE CARE trademarks were valid and incontestible. (App. B, *infra*, 80a, 88a). The court then analyzed the six-factor likelihood of confusion test followed by the Eighth Circuit.[5] The District Court found that the overall appearance of the parties' products was "substantially identical" and it took particular note of the fact that the *only* word trademarks appearing on the front labels of both bottles were VASELINE and INTENSIVE CARE. (App. B, *infra*, 54a). Also, the District Court applied the inference of a likelihood of confusion which flows from proof of intentional copying under Eighth Circuit law. (App. B, *infra*, 81a). The District Court concluded that the defendants had willfully infringed the relaunched VICL trade dress and the registered trademarks VASELINE and INTENSIVE CARE. (App. B, *infra*, 82a, 90a).

On appeal by the defendants, a panel majority of the Federal Circuit reversed the District Court's decision of willful trade dress and trademark infringement under Sections 32(1) and 43(a) of the Lanham Act. With the exception of one factual finding concerning actual confusion, the Federal Circuit did not find any error in the District Court's findings of fact. (App. A, *infra*, 23a).[6] Nevertheless, the Federal Circuit determined that the District Court's determinations of trade dress and trademark infringement, which under Eighth Circuit law are ultimate factual determinations, were clearly erroneous.

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[5] In appeals concerning claims under the trademark and unfair competition laws, the Federal Circuit applies the law of the circuit in which the district court is located, in this case, the Eighth Circuit. (App. A, *infra*, 10a).

[6] The District Court made over 100 Findings of Fact on the trade dress and trademark liability issues.

(App. A, *infra*, 22a-24a). The Federal Circuit opined that store brand products, such as Venture's product, have become commonplace, and because of this "fact," the Venture logo alone was enough to differentiate the two products. (App. A, *infra*, 23a). Also, the Federal Circuit refused to apply the inference of a likelihood of confusion under Eighth Circuit law, citing the nature of the store brand competition involved, even though it did not overturn any of the District Court's findings regarding intentional copying by the defendants. (App. A, *infra*, 15a).[7]

The panel majority has thus created an exception under the trademark laws for manufacturers of store brand products. Under the Federal Circuit's decision, it is lawful for a retailer or private label manufacturer to intentionally copy the otherwise protectible trade dress of a national brand product. This exception is unfounded in the statutory and common law of trademarks. The Federal Court's decision is in direct conflict with a Second Circuit decision which denied a private manufacturer the right to copy a major brand's protectible trade dress.

In addition, under the Federal Circuit's decision, the inference or presumption of a likelihood of confusion which would normally flow from such intentional copying does not apply to store brand or private label manufacturers. The Federal Circuit's decision is also in conflict with the law of the circuits in which intentional copying gives rise to an inference or presumption of a likelihood of confusion and actual confusion.

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[7] Except for a finding of actual confusion, Circuit Judge Mayer dissented in all respects from the panel majority's overturning of the District Court's decision that defendants infringed Chesebrough's VASELINE and INTENSIVE CARE trademarks and the VICL trade dress.

III. REASONS FOR GRANTING THE PETITION

A. The Decision of the Federal Circuit Conflicts with A Decision of the Second Circuit

The decision by the Federal Circuit in this case is in direct conflict with a decision of the United States Court of Appeals for the Second Circuit on the same matter. Compare *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1987) with *Conopco Inc. v. May Department Stores Company*, __ F.3d, ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994) (App. A, *infra*). In both of these cases there was no question that the defendants, who were store brand/private label manufacturers, intentionally copied the plaintiff's trade dress. These defendants also admitted that their intent in copying plaintiffs' packaging was to emulate national brands packaging, allegedly to facilitate consumer comparison. This "competitive need-to-copy" argument was rejected by the Second Circuit in *Oral-B Labs.* and by the District Court in this case.

Yet, the Federal Circuit accepted this argument in the present case and found that intentional copying (which is highly probative of infringement in trademark and unfair competition cases) is permitted where the defendant competes as a private label or store brand manufacturer. As a result, a direct conflict has been created between these circuits on the application of federal trademark law to cases involving the same issue.

This conflict between the circuits is irreconcilable because the factual backdrop in *Oral-B Labs.* is mirrored in the facts of the present case. There, the manufacturer of the leading brand of toothbrushes in the industry brought suit for infringement of its trade dress and trademarks against the manufacturer of similar private label and store brand toothbrushes. The district court in that action

concluded that the defendant's packaging for its store brand toothbrushes infringed the trade dress of Oral-B's packaging.[8]

On appeal, the Second Circuit found that the defendant's motive in designing its package strongly supported the District Court's conclusion that the parties' packaging were confusingly similar. 810 F.2d at 23. The Second Circuit referred to testimony by the defendant's president in which he admitted that the packaging for his company's product was "calculated to evoke the image of Oral-B's product." *Id.* The Second Circuit applied the presumption, under the controlling case law, that intentional copying gives rise to a likelihood of confusion. *Id.* In applying the likelihood of confusion test and the presumption of a likelihood of confusion, the Second Circuit *did not* recognize or carve out any exceptions to the law due to the fact that the defendant was a private label manufacturer.[9]

In contrast, the panel majority of the Federal Circuit formulated and applied a previously unrecognized exception to the law. The Federal Circuit decided that where the defendant is a private label manufacturer, a finding of intentional copying is

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[8] The store brand packaging in *Oral-B* had the same type of elements in common with the national brand as in the present case, including the overall design of the package itself, the graphics, the coloration, the placement of descriptive labeling and the use of the national brand trademarks in a "compare to" statement on the face of the packaging. *See Oral-B Labs.*, 810 F.2d at 23 and *Conopco Inc.*, 784 F.Supp. at 665 (App. B, *infra*, 54a).

[9] Other courts have similarly found trade dress and trademark infringement in cases of intentional copying by private label defendants. *DAP Products, Inc. v. Color Tile Mfg., Inc.*, 821 F.Supp. 488, 493 (S.D. Ohio 1993); *Ziegenfelder Co. v. Dunkirk Ice Cream Co.*, 30 U.S.P.Q.2d 1604, 1612 (N.D. W.Va. 1993); *Kroger Co. v. Johnson & Johnson*, 570 F.Supp. 1055, 1060 (S.D. Ohio 1983); *G.D. Searle & Co. v. MDX Purity Pharmacies, Inc.*, 275 F.Supp. 524, 529 (C.D. Cal. 1967).

inconsequential and has little or no bearing on the issue of a likelihood of confusion:

> This is a case in which a retailer markets a national brand product and at the same time markets its own private label product in direct competition. *The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes.* At the same time, the retailer clearly marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, *by name*.

(App. A, *infra*, 15a, emphasis added).

Thus, because of the nature of the defendants' business, the Federal Circuit overturned the District Court's findings of trade dress and trademark infringement:

> The fact that Venture (and other retailers) compete in the manner described, which is all that the evidence establishes, is simply insufficient to amount to proof that there is in the minds of consumers a likelihood of confusion about whose product is whose.

(App. A, *infra*, 17a-18a).

The Federal Circuit also refused to apply the inference or presumption of a likelihood of confusion in this case based on this same reasoning. (App. A, *infra* 15a).[10] The District Court made

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[10] The Eighth Circuit has long recognized that proof of intentional copying raises an inference of a likelihood of confusion. *Squirtco v. The Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

numerous findings of fact concerning defendants' intentional copying, concluding that there is a "strong inference" of a likelihood of confusion in this case. (App. B, *infra* 81a). *None of these findings was disturbed by the Federal Circuit.* (App. A, *infra* 23a). Thus, the Federal Circuit acknowledged that the defendants intentionally copied the entire commercial appearance of the relaunched VICL packaging, but found such conduct to be lawful because the defendants were in the store brand business.

This Court should grant certiorari to review this serious conflict.

B. A Fundamental Purpose Of The Lanham Act, Namely The Uniform Interpretation And Application Of Trademark Law, Is Contravened By The Federal Circuit's Decision

A fundamental purpose of the Lanham Act is to provide for uniform interpretation and application of trademark law throughout the United States. S. Rep. No. 1333, 79th Cong., 2d Sess. 1274 (1946). Uniformity in application of the trademark laws benefits all competitors in the marketplace, including national brand manufacturers and private label companies. Before a national brand manufacturer expends the time and money to create a distinctive commercial identity and image of quality for a product, and then invests substantial sums of money to build goodwill in the product through advertising and promotion, it must have some reliable basis to expect that it can protect its investment from pirating by competitors.

Similarly, a retailer who wishes to compete by offering a store brand product must be able to assess whether a particular package design is likely to infringe upon the trade dress of a national brand. The decision of the Federal Circuit, which directly conflicts with the *Oral-B* decision of the Second Circuit, frustrates the purpose of the Lanham Act, leaving competitors no reasonable means of determining their rights short of litigation.

C. The Federal Circuit's Decision Will Encourage Blatant Copying of National Brand Packaging and Will Foster Consumer Confusion

As discussed in Section III A, *supra*, the District Court found overwhelming evidence that the defendants intentionally copied the trade dress of the relaunched VICL. These findings were not disturbed. In fact, the Federal Circuit expressly stated that:

> With the exception of the court's finding in relation to actual confusion, *our quarrel is not with any of the court's underlying findings of fact.*

(App. A, *infra*, 23a, emphasis added). Hence, by not finding any error with the District Court's finding that the Venture skin care lotion packaging is a deliberate copy of the VICL packaging, the Federal Circuit's decision condones the intentional copying of otherwise protectible intellectual property rights of the national brands. The judicial sanctioning of such conduct by the Federal Circuit will surely encourage others to copy national brands packaging for competitive products.[11].

The free reign to copy competitors' packaging will foster confusion among consumers. The resultant increasing similarity of private label packaging to national brand packaging will interfere with a consumer's ability to determine whether the private label product is

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[11] An article on the Federal Circuit's decision which was published in the journal Marketing News stated "Private label manufacturers seem happy with the Conopco decision because they believe it goes further than past decisions in allowing lookalike products, and that it provides a blueprint for private label manufacturers to follow in the future." Marketing News, Nov. 21, 1994, p. 11. Also, the Wall Street Journal described the case as "a closely watched trademark case, dealing a setback to national brand manufacturers trying to fight private-label imitators in court." Wall St. J., Oct. 7, 1994, B7.

manufactured or authorized by the national brand company for the private label company, or whether the two products are manufactured by unrelated entities. *See, e.g., Fremont Co. v. ITT Continental Baking Co.*, 199 U.S.P.Q. 415, 420 (S.D.N.Y. 1977) (recognizing the practice employed by some national brand companies of manufacturing its product under a secondary brand name or for a private label company).

The modern day consumer is savvy and is aware of such business practices. In the present case, a consumer, Mrs. Beverly Sickles, who testified about an occasion when she mistakenly purchased the defendants' product believing that it was manufactured by Chesebrough, explained that her erroneous thinking was supported by her knowledge that some national brand companies produce store brand products. (App. B, *infra*, 56a). At trial, defendants' expert witness agreed that this witness *had been confused* by defendants' packaging. (App. B., *infra*, 56a).[12]

In one of the leading trademark decisions of this century, this Court explained that a trademark has psychological drawing power which is relied upon by both its owner and consumers:

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[12] Yet, without citation to any authority, the Federal Circuit rejected this evidence of actual confusion as being "counter-intuitive" because "it assumes that a national brand manufacturer would embark on a scheme to deliberately erode its sales of the national brand." (App. A, *infra*, 11a-12a). However, the Court's supposition that such an assumption and practice would be unthinkable is in fact incorrect, since there are national brand manufacturers which do produce private label products which are often *sold side-by-side* with their own national brands, and both manufacturers and consumers know this. *See* P. Fitzell, *Private Label Marketing In the 1990s*, 83-87, 95-99 (1992); *ITT Continental Baking*, 199 U.S.P.Q. at 420.

> The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol . . . Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can attain legal redress.

Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942) (Frankfurter, J.).

By copying the relaunched VICL packaging, Venture has effortlessly and unjustly misappropriated the entire commercial image of VICL, including its goodwill and underlying brand recognition and reputation for quality. As a result, Chesebrough's efforts and expenditures in designing and testing the new VICL bottle now will also inure to the benefit of Venture as a result of its misappropriation. The goodwill of VICL and Chesebrough's extensive advertising and promotion will help sell Venture's skin care lotion.

There is no legitimate commercial need for Venture and other private label manufacturers to copy protectible trade dress and trademarks of the national brand packaging in order to compete. There are numerous ways for private label manufacturers to indicate that their product is an alternative to a particular national brand, such as strategic shelf placement, in-store signs inviting the consumer to "compare", flyers, promotions and other means. In short, private brand companies can communicate their "compare and save" message

without misappropriating the protectible commercial image of the national brand product.[13]

The blatant copying of national brand packaging by store brand and private label companies will compromise the freedom and right of consumers to make informed choices between the goods of these competing entities in the nation's markets. As the United States Court of Appeals for the Seventh Circuit observed in a recent decision, such copying is contrary to the purpose of protecting trade dress in the first instance:

> In the case of trade dress, copying protectible trade dress interferes with consumers' ability to identify the source of goods by their appearance and packaging and therefore interferes with consumers' ability to reward or punish a manufacturer by seeking a superior product or shunning an inferior one.

Badger Meter, Inc. v. Grinnell Corp., 13 F.3d 1145, 1155 (7th Cir. 1994).

D. The Majority Decision Is In Direct Conflict With The Precedent Of This Court And Imperils The Rights Of Trademark Owners

Under Eighth Circuit Law, the test for trade dress and trademark infringement – the likelihood of confusion test – is a

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[13] Even "subliminal" or "associative" confusion constitutes infringement under the Lanham Act because it allows a defendant to gain a foothold in the plaintiff's market by the subtle exploitation of the goodwill and brand recognition underlying plaintiff's products and reputation. *See, e.g., Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F.Supp. 414, 428 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982).

question of fact.[14] *Squirtco*, 628 F.2d at 1091. Therefore, the District Court's findings concerning the underlying confusion factors, as well as the ultimate determination of whether there is a likelihood of confusion, are reviewable only for clear error. *Conagra, Inc. v. George A. Hormel & Co.*, 990 F.2d 368, 371 (8th Cir. 1993). In deciding whether there is a likelihood of confusion, each factor must be considered and excessive weight must not be given to any one factor to the exclusion of others. *Id.*, (citing *Life Technologies, Inc. v. Gibbco Scientific, Inc.*, 826 F.2d 775 (8th Cir. 1987)).

In the present case, the District Court made over 100 findings of fact regarding the defendants' liability for trade dress and trademark infringement. These findings include the District Court's comprehensive analysis of the *Squirtco* factors to determine that a likelihood of confusion exists between the parties' products. As Circuit Judge Mayer commented in his dissenting opinion, the District Court's findings were thorough and detailed. (App. A, *infra*, 30a). For example, with regard to the similarity of the trade dress, the District Court listed each of the nine elements of the parties' trade dress which it found extremely similar. (App. B, *infra*, 54a). On the issue of intent, the District Court detailed each event in the record which collectively formed the basis for the conclusion that the defendants acted intentionally, and without regard for Chesebrough's proprietary rights, to imitate the revised VICL trade dress. (App. B, *infra*, 42a-47a).

Without finding any of the District Court's underlying findings of fact (except for the one finding regarding actual confusion

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[14] The Eighth Circuit applies a six-factor test to determine likelihood of confusion: (1) the strength of the plaintiff's mark; (2) the similarity of the marks; (3) the similarity of the products; (4) the competitive proximity of the products; (5) the defendants' intent; and (6) instances of actual confusion. *Squirtco*, 628 F.2d at 1091.

by Mrs. Sickles)[15] to be clearly erroneous, the majority determined that the District Court's findings are "at best, merely inferentially and presumptively relevant to the likelihood of confusion issue." (App. A., *infra*, 16a). It concluded that "*The record is simply devoid of evidence to support findings of actual and likelihood of confusion . . .*" (App. A, *infra*, 24a, emphasis added). Since the District Court's factual findings concerning the six *Squirtco* factors overwhelmingly favored plaintiff, the only process by which the panel majority could have reached its contrary conclusions was by impermissibly re-weighing the evidence in the trial record to reach its own conclusions, rather than reviewing the District Court's analysis and reasoning for reversible error, as Judge Mayer observed in his dissent.[16]

As Circuit Judge Mayer stated in his dissenting opinion, the District Court properly applied the *Squirtco* factors to determine a likelihood of confusion. (App. A, *infra*, 27a-28a). Judge Mayer noted that likelihood of confusion is a question of fact and such factual findings are entitled to considerable deference and cannot be reversed unless clearly erroneous. (App. A, *infra*, 28a). Judge Mayer concluded that there was no basis for reversing the District Court's findings:

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[15] As detailed in note 12, *supra*, the Federal Circuit discounted the actual confusion experienced by this consumer merely on the basis of an incorrect supposition.

[16] The panel majority did not dispute that it gave a different "interpretation" to the facts than did the District Court. (App. A, *infra*, 23a). The majority sought to justify its action by citation to *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990). However, *Woodsmith* was a summary judgment decision which, by definition, involved no disputed material facts. Such a decision cannot provide a basis for an appellate court to reweigh the evidence and reassess witness credibility *after a full trial* without concluding that the lower court's findings were clearly erroneous.

> The findings are comprehensive, amply supported by the evidence in the record, are not clearly erroneous, and provide a sufficient basis for the determination that a likelihood of confusion exists.

(App. A, *infra*, 28a).

The Federal Circuit panel majority's actions mirror those of the panel majority for the United States Court of Appeals for the Second Circuit in *Ives Labs., Inc. v. Darby Drug Co.*, 638 F.2d 538 (2d Cir. 1981), *rev'd*, 456 U.S. 844 (1982)). In that case, this Court determined that the majority rejected the District Court's findings simply because it would have given more weight to evidence concerning one particular issue than did the trial court. *Inwood Labs. v. Ives Labs., Inc.*, 456 U.S. 844, 857-58 (1982). This was clear error because the determination of the weight and credibility of the evidence is the special province of the trier of fact. *Id.* at 856. This Court concluded that the trial court's findings should not have been disturbed because they were not clearly erroneous and further noted that each of the majority's conclusions were contrary to the findings of the District Court. *Id.* at 857.[17]

The same is true here. The panel majority simply disagreed with the conclusion of the District Court and, instead of deferring to

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[17] Since the *Ives* decision, this Court has reversed other circuit court judgments for failure to defer to the factual findings of the trial court as mandated by Rule 52. *See Amadeo v. Zant*, 486 U.S. 214, 223 (1988) (Eleventh Circuit); *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986) (Federal Circuit); *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 714 (1986) (Ninth Circuit); *Anderson v. Bessemer City*, 470 U.S. 564, 573-74 (1985) (Fourth Circuit). *See also Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 400 (1990) ("the 'clearly erroneous' standard requires the appellate court to uphold any district court determination that falls within a broad range of permissible conclusions").

the District Court's proper findings, it focused on one argument which was vigorously advocated by the defendants and totally rejected by the district court.[18]

Coincidentally, in the *Squirtco* case, the Eighth Circuit was faced with the same issue. Unlike the majority panel of the Federal Circuit in this case, it recognized that the question before the appellate court is *not* whether it would have decided the case differently had it been the fact finder, but whether the findings are adequately supported by the record:

> The facts were open to dispute, and it is quite possible that we would have reached a different conclusion on the infringement issue if this case were before us *de novo*. There is adequate support in the record, however, for each of the trial court's findings. They are not clearly erroneous.

628 F.2d at 1091.

Since the District Court's findings were not clearly erroneous and since the District Court properly applied Eighth Circuit law, its conclusions of trade dress and trademark infringement should not have been disturbed. Accordingly, Chesebrough respectfully submits that this Court should review the judgment of the Federal Circuit not only because it has created inter-circuit conflict, and has violated Rule 52 of the Federal Rules of Civil Procedure and the precedent of this Court, but also because it casts unprecedented uncertainty in the application of federal trademark law, imperiling the rights of all trademark owners.

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[18] This argument was that the black and white Venture logo alone distinguishes the parties' products.

E. The Federal Circuit's Decision On The Doctrine Of Patent Equivalents Undermines The Policy Of The Doctrine As Enunciated By This Court

The Federal Circuit reversed the District Court's decision that defendants' skin care lotion infringed Chesebrough's '179 patent under the doctrine of patent equivalents. (App. A, *infra*, 9a). That doctrine was thoroughly reviewed, analyzed and approved by this Court nearly a half century ago in *Graver Tank v. Linde Air Products Co.*, 340 U.S. 845 (1950).

There, a dissent by two Justices pointed out that the patent claims in issue literally required a major proportion (i.e. over 50%) of a claimed ingredient[19], but the accused welding flux contained vastly more (88.49%) of another unclaimed ingredient.[20] Therefore, at most, only 11.51% of the claimed ingredient, or over *four times less* than the major proportion required by the claims, could be present in the defendants' composition.[21] Nevertheless, this Court's majority held there was infringement under the now time-honored doctrine of equivalents, because the accused flux performed substantially the same function in substantially the same way to achieve substantially the same result, and because the doctrine is not "the prisoner of a formula and is not an absolute to be considered in a vacuum." *Id.* at 609.

Here, Chesebrough's patent claims required the patented components A[22] and B[23] to be used in a weight ratio of from about

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19 Alkaline earth metal silicate.

20 Manganese silicate.

21 100% - 88.49% = 11.51%.

22 Isoparaffin.

23 Alkyl phosphate salt.

1:1 to about 40:1 of A to B. The district court made detailed factual findings and conclusions of law that defendants' lotion formula containing the same components A and B, in a ratio of 162.9 to 1, or slightly *four times more than* 40:1, infringed under this Court's tripartite test for equivalence. (App. B, *infra*, 52a, 67a-68a).

Without finding any error in the District Court's underlying findings and conclusions, the Federal Circuit reversed the District Court's holding of infringement by equivalents *simply because* it would "eviscerate" or "erase" the 40:1 limitation of Chesebrough's patent claim. (App. A, *infra*, 8a).

But this Court's holding in *Graver Tank* similarly departed from the "major proportion" of claimed component literally required by the patent claim there in issue. *By definition*, every application of the doctrine results in a holding of infringement by equivalents notwithstanding, *indeed fundamentally because*, the accused product or composition *does not* fall within an explicit limitation of the patent claim, but alters it in some insubstantial way while stealing the benefit of the invention. Even the Federal Circuit itself has pointed out in *Loctite Corp. v. Ultra Seal Ltd.*, 781 F.2d 861 (1985) that the mere fact there is a literal difference between the patent claim and the accused composition cannot be decisive because then there could *never* be equivalence:

> That finding [that the difference required a conclusion that the compositions do not work in substantially the same way] however, would allow the difference itself to dictate a finding of no equivalence, and if that were the law, one could *never have* infringement by equivalence.

Id. at 870, emphasis added.

Although the foregoing was thoroughly explained in Chesebrough's petition for rehearing, the Federal Circuit paid no heed. Instead, in its quest to carve out new exceptions for

manufacturers and purveyors of store brands and private labels, the Federal Circuit overturned a finding of infringement by equivalents solely because of a four times literal difference. Such a reason has *never* been accepted by this Court, the Federal Circuit itself, or any other circuit which has addressed the issue of patent infringement by equivalents.

Thus, under the Federal Circuit's decision, store brand and private label manufacturers and retailers are given previously unrecognized privileges not only to copy protectible trademarks and trade dress of national brands, but also functional equivalents of valid patented inventions. This serious conflict between the Federal Circuit's decision and the established law can only lead to uncertainty and confusion in the tripartite test for patent infringement by equivalents, and therefore should be reviewed by this Court.

IV. CONCLUSION

For the reasons set forth herein, Chesebrough respectfully requests that a Writ of Certiorari issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted,

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